



VERMONT EMPLOYMENT GROWTH INCENTIVE

Applicant: Sample Company  
NAICS: 333911

INCENTIVE PERCENTAGE CALCULATION		
Pre-Incentive Net Fiscal Benefit for State: (As calculated by cost-benefit model)		\$1,462,760
(TIMES) Statutory Incentive Ratio	X	80%
(EQUALS) Post-Incentive Ratio C/B Net Fiscal Benefit:	=	\$1,170,208
(DIVIDED BY) Total Qualified Payroll Increase	÷	\$3,404,000
(EQUALS) Incentive Percentage	=	34.38%

This number is calculated by a cost-benefit model of five years of proposed economic activity by the applicant. See below for the data used in this example. This is the overall net new tax revenue from all sources that would be generated to the State of Vermont by the project.

PAYROLL AND BACKGROUND GROWTH CALCULATION		Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Totals
Background Growth Rate:	0.99%	2010	2011	2012	2013	2014	
Base Payroll	\$3,879,000	\$4,434,000	\$5,058,000	\$5,922,000	\$6,965,000	\$8,071,000	
Incremental Qualifying Payroll		\$439,000	\$491,000	\$712,000	\$865,000	\$897,000	\$3,404,000
Organic Growth		\$3,917,315	\$3,956,009	\$3,995,085	\$4,034,547	\$4,074,399	
Incremental Background growth		\$38,315	\$38,694	\$39,076	\$39,462	\$39,852	\$195,399
Payroll to be incented		\$400,685	\$452,306	\$672,924	\$825,538	\$857,148	\$3,208,601

For each year authorized, the Incentive Percentage is multiplied by the net new qualifying payroll (after background growth is discounted) to get the incentive amount that can be earned that year. To earn the incentive, base payroll and employment must be maintained, and payroll, headcount, and capital investment targets must be fully met.

THEORETICAL INCENTIVE AMOUNT AND PAYOUT CALCULATION											
Year	Max. Incentive Amount	Number of Jobs	2011 1	2012 2	2013 3	2014 4	2015 5	2016 6	2017 7	2018 8	2019 9
1 - 2010	\$137,755	9	\$22,959	\$27,551	\$27,551	\$27,551	\$27,551				
2 - 2011	\$155,503	9		\$25,917	\$31,101	\$31,101	\$31,101	\$31,101			
3 - 2012	\$231,351	16			\$38,559	\$46,270	\$46,270	\$46,270	\$46,270		
4 - 2013	\$283,820	18				\$47,303	\$56,764	\$56,764	\$56,764	\$56,764	
5 - 2014	\$294,688	18					\$49,115	\$58,938	\$58,938	\$58,938	\$58,938
Total	\$1,103,117	70									
Annual Sum of Incentives:			\$22,959	\$53,468	\$97,211	\$152,225	\$210,801	\$193,072	\$161,972	\$115,702	\$58,938
Cumulative Total			\$22,959	\$76,427	\$173,638	\$325,863	\$536,664	\$729,736	\$891,708	\$1,007,409	\$1,066,347

For each year that an incentive is earned, it is paid out in five installments if the payroll and headcount targets are maintained. The first installment is adjusted for partial year hiring.

FOOTNOTES

1. Total "Incentive Amount" of \$1,103,117 assumes all hires start January 1 of each year. This is the maximum amount of incentive that could be earned if all new employees are hired January 1 of each year.
2. Theoretical payout assumes partial year hiring as represented in application, and therefore adjusts the first year installment. This is the approximate amount of incentives that will be earned based on the application data.

TARGETS BASED ON INITIAL APPLICATION	(BASE PAYROLL MUST BE MAINTAINED OR INCREASED EACH YEAR AND PAYROLL TARGET AND EITHER JOB OR CAPITAL TARGETS MUST BE MET BY DECEMBER 31 OF EACH YEAR TO EARN INCENTIVE)					
	2010	2011	2012	2013	2014	Totals
QUALIFYING PAYROLL	\$439,000	\$491,000	\$712,000	\$865,000	\$897,000	\$3,404,000
QUALIFYING JOBS	9	9	16	18	18	70
QUALIFYING CAPITAL INVESTMENT	\$8,000,000	\$1,000,000	\$900,000	\$100,000	\$0	\$10,000,000

NET REVENUE BENEFIT TO STATE OF VERMONT (AFTER ALL COSTS, INCLUDING COST OF INCENTIVES):	\$650,000
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